



Workers' Compensation Fraud Report

FY 2006 First Quarter (July through September 2005)

Statistics at a glance

- **Number of cases referred to prosecution.....2**
- **Number of administrative (civil) fraud orders issued37**
- **Total dollars collected.....\$32,157,730**

Major milestones

- Began operation of the “Predictive Dialer” unit. This unit makes initial contact with employers who have failed to file their quarterly report or owe a past due debt to the Department of Labor and Industries (L&I). The unit resolves many problems quickly and reduces referrals to revenue officers in local L&I offices.

Prevention highlights

Two key components of our anti-fraud program are:

- Building public awareness of compliance actions taken.
- Helping those who use the workers' compensation system to follow the law.

In the first quarter of FY 2006, fraud prevention staff presented three training sessions to a total of 60 contractors in Bellingham, Seattle and Tacoma. Topics covered were prime contractor liability, and determining if a subcontractor is an independent contractor or a worker.

Compliance highlights

- Collected \$230,000 in restitution from Global Horizons, Inc., a farm labor contractor, for underpaying workers and workers' compensation premiums.
- Built a case against a Sedro-Woolley man for illegally collecting workers' compensation wage-replacement (time-loss) benefits that led to criminal charges and conviction. The individual was sentenced to 28 months in state prison and ordered to repay \$11,000 in benefits and \$5,000 in penalties.
- Issued an administrative fraud order to a Snohomish county woman for willfully misrepresenting her employment while receiving time-loss benefits and vocational services. She was ordered to return \$8,813 and pay penalties of \$4,406.

Program administration

L&I spent \$3,477,217 on salaries, benefits and other expenses for fraud prevention and compliance. L&I recovered \$32,157,730 in delinquent premiums from employers and improper payments to providers and workers. Estimated avoided costs totaled \$1,714,823 (improper future benefits stopped by investigation).

Results: 9.6 to 1 return on investment.

More fraud prevention numbers

These figures represent dollars collected from:

- Fraudulent activity due to misrepresentation
- Overpayments to workers and providers
- Employers owing delinquent premiums

Worker:

Assessments\$343,299
Claim overpayment collections....\$2,127,108
Cost avoidance\$1,714,823

Employer:

Assessments\$4,323,467
Collections\$30,185,152

Provider:

Assessments\$77,896
Collections\$30,622
Cost avoidance\$334,180

